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JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS

FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of this report may be examined and copied at no charge at the office of the Auditor of State, 1001 Poydras Street, Suite 1900, New Orleans, Louisiana 70112, or at the office of the Auditor of State, 1001 Poydras Street, Suite 1900, New Orleans, Louisiana 70112.

Auditor's Office: May 10, 2005

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Assets-December 31, 2001 .....	12
Statement of Activities For the Year Ended December 31, 2001 .....	13
FUND FINANCIAL STATEMENTS:	
Balance Sheet - Governmental Fund - December 31, 2001 .....	15
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund-for the Year Ended December 31, 2001 .....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities For the Year Ended December 31, 2001 .....	18
NOTES TO THE FINANCIAL STATEMENTS .....	19
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information .....	39
Exhibit A - Combining Statement of Revenues and Expenditures-General Fund-For the Year Ended December 31, 2001 .....	40

## TABLE OF CONTENTS, CONTINUED

### PAGE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	43
SUMMARY SCHEDULE OF FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2001:	
Section I -- Summary of Auditors' Reports .....	45
Section II -- Financial Statement Findings .....	46
Section III -- Federal Award Findings and Questioned Costs ..	46
Sections I, II and III -- Status of Prior Years' Findings .....	47
EXIT CONFERENCE .....	48



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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Judges of the  
Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, LA

We have audited the financial statements as listed in the Table of Contents of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans (hereinafter collectively referred to as the JEF) as of and for the year ended December 31, 2001. The governmental activities and fund financial statements are the responsibility of the JEF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT  
(CONTINUED)**

The Honorable Judges of the  
Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and fund of the JEP as of December 31, 2001, and the changes in financial position of these activities and fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in NOTE 1 to the governmental activities and fund level financial statements, the JEP adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*; and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2002 on our consideration of the JEP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2002

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**Introduction to Financial Statements**

The Judicial Expense Fund (the JEF) has complied with the Governmental Accounting Standards Board's Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) effective with the fiscal year ended December 31, 2001, two years before the required compliance date, because management believes these new financial statements provide more valuable information in a format that is easier to understand, and answer the question, "how much does it cost to operate the JEF?"

The JEF has only one fund (the General Fund) and engages in only one type of activity, a governmental activity of a special-purpose government. The fund level financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance) show the results of operations and financial position using the current financial resources measurement focus and modified accrual basis of accounting. The government-wide financial statements (Statement of Net Assets and Statement of Activities) show the results of operations and financial position using the total economic resources measurement focus and the accrual basis of accounting.

The difference in measurement focus affects the types of transactions and events that are reported in the operating statement. Specifically as applicable to the JEF, since fund level financial statements are concerned with only current financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statement; government-wide financial statements include noncurrent assets, liabilities and their related expenses. On the fund level financial statements, the full purchase price of capital assets (\$74,446 in 2000 and \$212,604 in 2001) has been recorded as expenditures in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the government-wide statements focus on total economic resources, capital assets are shown as noncurrent assets on the Statement of Net Assets (with their related accumulated depreciation), and a portion of their purchase price has been charged as depreciation expense on the Statement of Activities. On the liability side, the fund level Balance Sheet excludes noncurrent liabilities (\$30,867 in 2000 and \$40,174 in 2001), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect total economic resources, although not current financial resources.

**JUDICIAL EXPENSE FUND**  
**FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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The second difference between the fund level financial statement and government-wide financial statement is the basis of accounting, or the timing of the recognition of transactions and events. Fund level financial statements use the modified accrual basis of accounting, which recognizes revenues only when they are earned, so long as they are collectible within the period (or soon enough thereafter to be used to pay liabilities of the current period), and expenditures are recognized only when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements use the full accrual basis of accounting; revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund level financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long-term. Chart 1 below summarizes these differences as applicable to the JEF.

**CHART 1**  
**Overview of Difference in Fund Level and Government-Wide Financial Statements**

	<u>FUND LEVEL</u>	<u>GOVERNMENT-WIDE</u>
Statement of Position	Balance Sheet	Statement of Net Assets
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement Focus	Current financial resources	Total economic resources
Basis of Accounting	Modified accrual	Accrual
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets and depreciation expense for the current fiscal year is recorded on the Statement of Activities; total accumulated depreciation expense is shown on the Statement of Net Assets

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**CHART 1  
Overview of Difference in Fund Level and Government-Wide Financial Statements  
(CONTINUED)**

	<u>FUND LEVEL</u>	<u>GOVERNMENT-WIDE</u>
<i>Noncurrent liabilities</i>	<i>Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred.</i>	<i>Shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities.</i>
<i>Depreciation Expense</i>	<i>Not recorded</i>	<i>Recorded in the Statement of Net Activities.</i>
<i>Accumulated Depreciation</i>	<i>Not recorded</i>	<i>Recorded in the Statement of Net Assets.</i>

The presentation of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and Fund Balance, with a reconciliation to Net Assets, which appears on the government-wide Statement of Net Assets. The Statement of Net Assets shows Assets and Liabilities (separated into current and noncurrent) and Net Assets (the difference between the two). The JEP's net assets are considered to be unrestricted.



**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

A significant difference lies in the presentation of the operating statement. The fund level Statement of Revenues, Expenditures and Fund Balance lists revenues followed by expenditures (separated into direct and indirect) and ends with the fund balance reconciliation. This statement answers the question, "Did this year's operations increase or decrease fund balance?" Fund balance shows available financial resources. The government-wide Statement of Activities answers the question "How much did it cost to provide this service?" as it begins with expenses, also divided into direct and indirect expenses followed by function revenues (the specific revenues provided by users of the services). General revenues are added to show the total increase (or decrease) in net assets.

**How 2003 Compares with 2000**

As Chart 2 on page 7 depicts, the results of operations for 2001 increased net assets by \$566,368, or 8.7%. The largest increase is in capital assets. The JEP began converting its obsolete WAMU computer system in 2000 and has spent a total of \$163,620 on this project. Approximately \$2.5 million of net assets were designated for this project in 2000. The project will be completed in 2003.

Noncurrent liabilities increased due to an increase in the amount of compensated absences, or amounts due to employees for unused paid leave time. In 1998, the Judges *En Banc* changed the policy so that any unused paid leave time left at December 31 is "lost" and cannot be carried over into the next fiscal year, but grandfathered employees with unused paid leave time at the date of the policy change. Compensated absences increased as a result of salary increases in 2001.

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**CHART 2:  
Statement of Net Assets Comparative Data**

	<u>2001</u>	<u>(As Restated) 2000</u>	<u>Variance Increase (Decrease) Amount</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Capital assets (net)	\$ 400,492	\$ 270,878	\$129,514	47.8
Other assets	<u>1,180,648</u>	<u>6,823,760</u>	<u>567,888</u>	8.3
Total assets	<u>1,734,108</u>	<u>7,096,638</u>	<u>697,402</u>	9.8
Noncurrent liabilities	40,174	30,867	9,307	30.2
Current liabilities	<u>646,636</u>	<u>504,879</u>	<u>121,757</u>	25.2
Total liabilities	<u>686,810</u>	<u>535,746</u>	<u>131,064</u>	25.6
Unrestricted net assets	<u>\$7,107,298</u>	<u>\$6,560,892</u>	<u>\$546,406</u>	8.7

Current liabilities increased from 2000 due to increases in salaries and benefits payable coupled with an increase in the number of days used in the computation of accrued salaries as of December 31, 2001.

**JUDICIAL EXPENSE FUND**  
**FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Chart 3 below provides comparative data from the Statement of Activities for the years ended December 31, 2000 and 2001. The increase in direct expenses is the result of the cost of living pay increase granted to the 325 employees effective January 1, 2001. The cost of living pay increase granted was between 2.5% and 7% of gross wages, at the discretion of each department head. This increase in salaries caused the related payroll expenses of pension contributions, workers compensation, and payroll taxes to also increase. In addition, health insurance costs increased 37% from 2000 to 2001. Indirect expenses actually declined in 2001 due to the completion of replacing the flooring throughout the building, a project which began in 2000.

**CHART 3:**  
**Statement of Activities Comparative Data**

	<u>2001</u>	<u>(As Restated)</u> <u>2000</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u> <u>Amount</u>	<u>Variance</u> <u>Percent (%)</u>
Direct expenses	\$14,343,360	\$13,689,524	\$653,836	(5.4)
Indirect expenses	<u>887,428</u>	<u>613,447</u>	<u>46,021</u>	7.5
Total expenses	14,911,186	14,223,971	(687,215)	(4.8)
Function revenues	14,893,560	14,738,796	354,764	1.7
General revenues	<u>484,824</u>	<u>1,033,697</u>	<u>(548,873)</u>	(53.2)
Total revenues	15,477,584	15,772,493	(294,909)	(1.9)
Increase in net assets	<u>566,398</u>	<u>1,548,522</u>	<u>(982,124)</u>	(63.4)
Ending net assets	<u>\$ 3,107,290</u>	<u>\$ 6,549,892</u>	<u>\$ 3,442,602</u>	8.7

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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General revenues primarily consist of interest income. General revenues declined from 2000 to 2001 because of the dramatic declines in interest rates during that period. In January, 2000 the JEF earned 5.46% interest on idle funds, the lowest for that year. The highest rate earned, 8.33%, was in November, 2000. From that point interest rates declined dramatically as the country settled into a recession: the highest rate of interest earned in 2001 was 5.40% in January (lower than 2000's lowest rate), and rates steadily declined to a low of 1.75% in December, 2001. Even though the amount of funds on deposit earning interest increased by 10% from December, 2000 to December, 2001, the declining interest rates could not make up the difference in income.

Other income, the other component of general revenues, declined in 2001. 2000's other income includes a non-recurring recognition of an old outstanding check in the amount of \$158,757. The 2001 figure is more indicative of normal operations.

#### **Overall Analysis**

2001 operations increased net assets and improved the overall financial position of the JEF. The cash balance increased by 10% and net capital assets increased by 47.8% as the WANG computer conversion project began. For 2002 the Judges *En Banc* have designated approximately \$5.8 million for four major capital projects, including \$2.4 million for the computer conversion and \$3 million to fund the construction of a new courthouse building (see NOTE 7). Expenses increased 5% from 2000 to 2001, largely as the result of a cost-of-living salary increase (which also increased salary-related expenses) and the rising cost of health insurance. The increase in expenses coupled with declining interest rates earned for funds on deposit caused the change in net assets to decline.

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Significant Events**

In addition to the projects for which funds have been designated by the *Judge En Banc* as of December 31, 2000 (see NOTE 7), the following are significant projects planned for 2002:

Renovate courtrooms, judges' offices, and chambers	\$180,000
Purchase real-time court reporting system for most divisions	150,000
Hire a Pro Tempore judge for Division K while that Judge presides over a year-long tobacco trial	104,578
Renew the lease for office space rental for Clerk of Civil District Court records annex	47,288
Purchase a new X-Ray Scanner	36,500
Increase security due to the September 11, 2001 terrorist attacks	<u>18,000</u>
<b>Total</b>	<b>\$536,366</b>

In April, 2002 Senate Bill Number 60 passed which amends LSA-R.S. 13:1312 to permit the *Judge En Banc* to utilize monies in the JEF to pay for the cost of planning, designing, and constructing a new courthouse and prevents the JEF from imposing additional fees or costs to fund any portion of these new courthouse costs. The passage of this bill begins the process for the eventual construction of a new courthouse to house seven of the nine departments of the JEF, in addition to Juvenile Court, the Civil Sheriff, the Constable of First City Court, and Notarial Archives. The JEF has outgrown its current facility, located at 428 Loyola Avenue, which was built in the early 1950s and is unable to accommodate current technology. At the time of this writing the estimated cost of the new building is \$85 million, which will be financed by bonds over a twenty or thirty-year period. Revenue streams will include commercial entities operating in the new building (a parking garage, document center, and cafeteria), and contributions from other agencies who will occupy the building.

**JUDICIAL EXPENSE FUND  
FOR THE CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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The six-year terms of the fourteen judges of the Civil District Court, the Recorder of Mortgages and the Register of Conveyances expire on December 31, 2002. The fourteen judges of the Civil District Court, along with the three judges of First City Court and one judge of the Second City Court, comprise the Judges *Ex Officio*, who manage the JEF.

Since management is of the opinion that the JEF is not required to adopt a budget, there are no comparisons between budgeted and actual results. The JEF does not have any infrastructure assets, nor does it have any long-term debt. Since the JEF has only one fund, the General Fund, no fund analysis is necessary as this entire discussion pertains to the General Fund.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

<b>ASSETS</b>	
	<u>(GOVERNMENTAL ACTIVITIES)</u>
<b>Current Assets:</b>	
Cash and temporary cash investments (NOTE 2)	\$6,880,215
Accounts receivable	118,718
Interest receivable (NOTE 3)	158,800
Prepaid expenses	<u>95,112</u>
<b>Total current assets</b>	<b>7,252,845</b>
<b>Noncurrent Assets:</b>	
Capital assets, net of accumulated depreciation (NOTE 4)	
Computer equipment	171,888
Computer software	181,876
Office equipment	26,121
Furniture and fixtures	<u>45,851</u>
<b>Total noncurrent assets</b>	<b>425,736</b>
<b>Total assets</b>	<b>\$7,678,581</b>
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities:</b>	
Accounts payable	\$ 344,544
Income Court funds payable	25,866
Accrued salaries and benefits payable	<u>279,252</u>
<b>Total current liabilities</b>	<b>649,662</b>
<b>Noncurrent Liabilities:</b>	
Compensated absences payable	36,462
Other payable	<u>3,712</u>
<b>Total noncurrent liabilities</b>	<b>40,174</b>
<b>Total liabilities</b>	<b>689,836</b>
<b><u>NET ASSETS</u></b>	
Unrestricted (NOTE 5)	7,007,289
<b>Total net assets</b>	<b>\$7,007,289</b>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>Expenses</u>	<u>Revenues</u>	<u>Net (Expense) Revenues and Change in Net Assets</u>
<b><u>FUNCTIONS</u></b>			
<b>Direct:</b>			
Salaries	\$18,367,888	\$-	\$18,367,888
Employee benefits	2,171,797	-	(2,171,797)
Court stenographer and interpreter fees	7,997	-	(7,997)
Jury meals and transportation	68,687	-	(68,687)
CCC filing fees	67,791	-	(67,791)
Books, printing and copying	394,396	-	(394,396)
Building and storage rental	149,142	-	(149,142)
Depreciation	83,029	-	(83,029)
Furniture, equipment and maintenance	383,294	-	(383,294)
Insurance	59,835	-	(59,835)
Office supplies and expenses	272,181	-	(272,181)
Postage and couriers	66,220	-	(66,220)
Professional services	154,285	-	(154,285)
Telephone	228,588	-	(228,588)
Other expenses	24,780	-	(24,780)
<b>Total direct expenses</b>	<b>19,313,769</b>	<b>-</b>	<b>(19,313,769)</b>
<b>Indirect:</b>			
Security fees	98,962	-	(98,962)
Professional education, dues and subscriptions	212,653	-	(212,653)
Building improvements and maintenance	263,811	-	(263,811)
<b>Total indirect expenses</b>	<b>575,426</b>	<b>-</b>	<b>(575,426)</b>
<b>Total expenses</b>	<b>19,889,195</b>	<b>-</b>	<b>(19,889,195)</b>

The accompanying notes are an integral part of the financial statements.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF ACTIVITIES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2001**

FUNCTIONS	GOVERNMENTAL ACTIVITIES		
	Expenses	Revenues	Net (Expense) Revenues and Changes In Net Assets
Function Revenues:			
Filing fees	\$ -0-	\$14,904,684	\$ 14,904,684
Revenue account fees	_____0-	28,876	28,876
Total function revenues	_____0-	14,933,560	14,933,560
Total governmental activities	\$14,933,560	\$14,933,560	\$ 0.00
General Revenues:			
Interest income	\$ -0-	\$ 473,638	\$ 473,638
Other income	_____0-	8,386	8,386
Total general revenues	\$ _____0-	\$ 482,024	\$ 482,024
Change in net assets			\$ 482,024
Net assets, beginning of the year as restated, (NOTE 12)			\$ 6,240,890
Net assets, end of the year			\$ 6,722,914

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
BALANCE SHEET--GOVERNMENTAL FUND  
DECEMBER 31, 2001**

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**ASSETS**

Cash and temporary cash investments	\$6,250,215
Accounts receivable	218,716
Interest receivable	250,000
Prepaid expenses	<u>44,717</u>
<b>Total assets</b>	<b><u>\$6,763,648</u></b>

**LIABILITIES**

Accounts payable	\$ 348,968
Supreme Court funds payable	21,866
Salaries and benefits payable	<u>124,202</u>
<b>Total liabilities</b>	<b><u>495,036</u></b>

**FUND BALANCE**

Unreserved in general fund	<u>6,247,812</u>
<b>Total fund balance</b>	<b><u>6,247,812</u></b>

Amounts reported for governmental activities  
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund or the fund level	408,492
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund or the fund level	<u>(418,124)</u>

<b>Net assets</b>	<b><u>\$2,182,299</u></b>
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The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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**REVENUES**

Filing fees	\$14,864,688
Interest income	479,898
Remittance access fees	28,876
Other income	<u>8,280</u>
Total revenues	<u>15,422,882</u>

**EXPENDITURES**

**Direct:**

Salaries	10,231,146
Employee benefits	2,874,797
Court stenographer and interpreter fees	7,857
Jury meals and transportation	68,687
UCC filing fees	67,231
Books, printing and copying	398,336
Building and storage rental	148,342
Furniture, equipment and maintenance	283,294
Insurance	39,813
Office supplies and expenses	232,168
Postage and couriers	66,208
Professional services	150,785
Telephone	229,598
Other expenditures	<u>24,780</u>
Total direct expenditures	<u>14,724,289</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUNDS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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**EXPENDITURES, CONTINUED**

<b>Indirect:</b>	
Security fees	\$ 90,962
Professional education, dues and subscriptions	202,653
Capital expenditures	202,604
Building improvements and maintenance	<u>265,811</u>
Total indirect expenditures	<u>762,030</u>
Total expenditures	<u>15,084,299</u>
Change in fund balance	473,285
Fund balance, beginning of the year	<u>6,303,727</u>
Fund balance, end of year	<u>\$ 6,777,012</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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Net change in fund balance	\$473,283
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period	128,573
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund	(26,462)
Change in net assets	<u>\$466,358</u>

The accompanying notes are an integral part of the financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Summary of Significant Accounting Policies:**

The Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the JEF) is designated by LSA-R.S. 13:1312 as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans and the First and Second City Courts of the City of New Orleans and, the offices of the Recorder of Mortgages and the Registrar of Conveyances for the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *Ex Jure* as set forth in LSA-R.S. 13:1312, have sole responsibility and oversight for the JEF. This responsibility and oversight includes control over all revenues deposited into the JEF by the aforementioned courts and offices, all disbursements made by the JEF, the setting of all fees charged by the courts and offices comprising the JEF, and the determination of expenses related to the operations of such courts and offices.

The accounting policies of the JEF conform to accounting principles generally accepted in the United States of America, as applicable to governmental agencies. The following is a summary of the more significant accounting policies:

**The Financial Reporting Entity**

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) established standards for defining and reporting on the financial entity. GASB 14 indicates the focal point for identifying the financial reporting entity as the primary government, which is considered to

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

***The Financial Reporting Entity, Continued***

be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is financially independent of other state and local governments.

As previously discussed, state statute established the JEF as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans and the First and Second City Courts of the City of New Orleans, and the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans which are separate and independent of any other governmental "reporting entity" as defined by GASB 14. In addition, the JEF is financially independent of other governments. Although the JEF conducts its business from a building provided by the City of New Orleans as discussed in NOTE 4, this support is considered incidental in relation to the JEF's total revenues and expenditures and in view of the additions and improvements made to this building by the JEF from its operating revenues over the term of its occupancy which total in excess of \$2,649,792.

Accordingly, management has concluded that the JEF is the financial reporting entity within the meaning of the provisions of GASB 14.

***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of the JEF. The JEF is considered to be a governmental activity of a special-purpose government.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies, Continued:**

**Government-Wide and Fund Financial Statements, Continued**

The JEF's Statement of Activities demonstrates the degree to which its expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Function revenues include filing and remote access fees.

Separate financial statements are provided for the JEF's governmental fund. The JEF's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The JEF reports its governmental fund as follows:

**General Fund**

The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies - Continued:**

**General Fund, Continued**

The operations of the General Fund are comprised of the General Fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of the Clerk of the Civil District Court, First City Court, Second City Court, the offices of the Recorder of Mortgages and the Register of Conveyances.

Salaries of the judges of the Civil District Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of the JEF.

Additionally, the JEF has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and the JEF (pursuant to LSA-R.S. 13:2152). For the year ended December 31, 2001 the JEF paid \$64,718 for each of the four (4) city court judges for a total of \$259,152 in salaries to these judges. The General Fund is used to account for all financial resources of the JEF.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - Summary of Significant Accounting Policies - Continued:**

**Capital Assets**

The JEF's capitalization policy requires that all single assets costing \$1,500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$1,500 are expensed. All assets regardless of cost, are tracked. The straight line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the quarter in which the capital asset is purchased. Based on its own experience, the JEF established the following useful lives for each asset class:

Capital Equipment	5 years
Computer Software	5 years
Office Equipment	5 years
Furniture and Fixtures	10 years

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

**Budgets and Budgetary Accounting**

A budget was not adopted for the year ended December 31, 2001 since management is of the opinion that the JEF is not required to do so. Accordingly, no Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual is included in the financial statements presented herein.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE: 1 - *Summary of Significant Accounting Policies, Continued:***

**Compensated Absence**

It is the JEF's policy to permit some employees to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave for some employees may be carried forward from year to year, and is payable upon separation from service. Accrued leave earned but unused by those employees at December 31, 2001 has been included in the accompanying financial statements.

**Professional Education, Dues and Subscriptions**

It is the JEF's policy to limit expenses by each division of the Court for additional operating expenses. Such expenses may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by the JEF as to the purpose for which these expenses may be used and only for such expenses supported by proper documentation.

The specific guidelines established by the JEF permit use of such amounts for expenses directly associated with or incidental to legal or judicial matters and functions. These expenses are included in the General Fund of the accompanying financial statements of the JEF.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 1 - *Summary of Significant Accounting Policies, Continued:***

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Comparative Data/Reclassification**

Comparative trial data for the prior year have been presented only in connection with Management's Discussion and Analysis at the government-wide statements level in order to provide an understanding of the changes in the financial position and operations of the JEP. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Governmental Accounting Standards Board (GASB) Numbers 25 and 27**

In November 1994, the GASB issued Statement No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans," and Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers." As such, the JEP's financial statements reflect the disclosure requirements of GASB Numbers 25 and 27.

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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**NOTE 2 - Cash and Temporary Cash Investments:**

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments with maturity of three months or less.

At December 31, 2001 the carrying amount of the JEF's deposits was \$6,880,215 and the bank balance was \$6,883,966. Of these amounts, \$388,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the JEF and the financial institution and held in safekeeping by the Federal Reserve Bank. The cash and temporary cash investments are categorized as Category 1.

Category 1 represents cash and temporary cash investments insured or registered or collateralized with securities held by the pledging financial institution's trust department or agent in the JEF's name.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

Deposits in excess of FDIC insurance were collateralized by the securities previously described.

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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**NOTE 3 - Pension Plans:**

Plan Description

The JEP does not maintain a separate pension plan for its employees. However, its employees are eligible to participate in various multiple-employer (cost-sharing) defined benefit plans provided by the state or city governments and substantially all of the JEP's employees are covered by one of the available plans.

Generally, eligibility to participate in one of the plans commences with full-time permanent employment and, in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years and, in some instances, may require attainment of a minimum age.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

Annual retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances the resulting amount may be increased by a fixed amount. In most cases annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained via contact as follows:

**Louisiana State Employees' Retirement System**  
8400 United Plaza Blvd.  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 922-0614  
Website: [lsers.state.la.us](http://lsers.state.la.us)

**Louisiana Clerks' of Court Retirement and Relief Fund**  
11745 Lakeside Avenue -- Suite B-1  
Baton Rouge, LA 70810  
Telephone: (800) 256-0600  
Fax: (225) 291-7424  
Website: [lccrkofc.org](http://lccrkofc.org)

**Louisiana Sheriff's Pension and Relief Fund**  
6834 Florida Boulevard - Suite 215  
Baton Rouge, LA 70806  
Telephone: (225) 922-0465  
Fax: (225) 922-0423

**City of New Orleans  
Employees' Retirement System**  
1340 Poydras Street -- 8<sup>th</sup> Floor  
New Orleans, LA 70112  
Telephone: (504) 299-4150  
Fax: (504) 299-4162

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE: 3- Pension Plans, Continued:**

**Funding Policy:**

Under the terms of the various plans, employees contribute a specified percentage of their gross earnings and the JEF also contributes a specified percentage.

Those plans in which the employees of the JEF participate and the specified contribution percentages are as follows:

	<u>Employee</u>	<u>Employer</u>
Louisiana State Employees Retirement System (LASERS) - Employees	7.50%	13.00%
Louisiana State Employees Retirement System (LASERS) - Judges	11.5%	13.00%
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	8.25%	18.00%
Sheriffs' Pension and Relief Fund State of Louisiana (SPRPSL)	9.80%	7.00%
Employees' Retirement System of the City of New Orleans (ERSCNO)	4.00%	8.00%



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

**NOTE 3 - Pension Plans, Continued:**

***Funding Policy, Continued***

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan amounted to:

LASERS	13.60%
LCRRF	7.60%
SPRISL	7.60%
JUSCNO	5.65%

Benefits granted by the retirement systems are guaranteed by the State of Louisiana or the City of New Orleans, as applicable. The JEF does not guarantee the benefits granted by the retirement systems.

The total payroll of the JEF for 2001 amounted to \$10,331,346. The JEF's contributions to the retirement systems and the total covered payroll by each retirement system are as follows:

	<u>LASERS</u>	<u>LCRRF</u>	<u>SPRISL</u>	<u>JUSCNO</u>	<u>TOTAL</u>
Total covered payroll	<u>\$1,698,791</u>	<u>\$5,428,183</u>	<u>\$462,568</u>	<u>\$1,970,059</u>	<u>\$9,559,601</u>
Employer contribution	<u>\$,238,843</u>	<u>\$,550,743</u>	<u>\$,43,080</u>	<u>\$,157,608</u>	<u>\$,990,274</u>
Aggregate pension cost	<u>\$,158,617</u>	<u>\$,978,136</u>	<u>\$187,727</u>	<u>\$,332,813</u>	<u>\$1,677,393</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued**

Aggregate pension cost for the respective years ended December 31, 2001 and 2000 was \$1,677,333 and \$1,542,965.

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date.

Most recent historical trend information showing each plan's progress in accumulating sufficient assets to pay benefits when due is presented in each plan's annual financial report. These reports of the various multiple-employer plans provided by state or city governments are subject to audits by independent auditors who issue separate reports thereon.

The following summarizes each:

	LSERS	LCRRE	SPRSL	ERSCNO
	(In Thousands)			
Net assets	\$ 6,083,434	\$ 186,438	\$ 851,081	\$348,790,444
Pension benefit obligation	<u>(\$188,095)</u>	<u>(272,830)</u>	<u>(844,560)</u>	<u>(22,619,787)</u>
(Unfunded) or overfunded pension benefit	<u>\$6,271,529</u>	<u>\$459,268</u>	<u>\$1,695,641</u>	<u>\$326,170,657</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

In accordance with L.S.A.-R.S. 11:1563, if at any time monies in the state fund are not sufficient to pay each retiree and beneficiary the full amount to which he/she is entitled, equal percentages of the full amount shall be paid to each retiree and beneficiary until the fund is replenished so as to warrant resumption of the payment of the full amount to each retiree and beneficiary.

**NOTE 4 - Capital Assets:**

The following is a summary of capital assets:

	Balance January 1, 2001	Additions	Balance December 31, 2001
Computer equipment	\$242,882	\$ 50,996	\$ 293,878
Computer software	59,499	134,853	193,552
Office equipment	55,608	3,200	58,808
Furniture and fixtures	36,024	24,355	60,379
<b>Total</b>	<b><u>\$394,013</u></b>	<b><u>\$213,404</u></b>	<b>606,627</b>
Less accumulated depreciation			(206,175)
			<b><u>\$ 400,452</u></b>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Continued:**

The building which the JEF occupies and uses to conduct its operations is owned by the City of New Orleans. Although the JEF does not pay rent to the City, the JEF has made additions and improvements to the building during its term of occupancy.

These additions and improvements are not included in the capital assets since the JEF does not own the building. Such building additions and improvements funded from operations of the JEF over its term of occupancy amount to \$2,649,782. Building additions and improvements made for the year ended December 31, 2001 amounted to \$263,811 and are included in the accompanying financial statements of the JEF.

**NOTE 5 - Commitments:**

The JEF has agreed to make monthly payments to the widow of a former city court judge who expired while in office in the 1970's. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$4,585 for 2001 and are reflected as an expense in the accompanying financial statements of the JEF.

**NOTE 6 - Registry of Court Funds:**

The Clerks of Civil District Court, First City Court and Second City Court each maintain a Registry of Court fund.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - Registry of Court Funds, Continued:**

Parties to litigation in these courts may deposit, or be ordered to deposit, cash or property into these funds in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to them or such other parties as the court may direct upon the conclusion of the litigation.

Each clerk has responsibility solely for its own Registry of Court fund. The management of the JEF has no responsibility or authority with respect to these specific funds.

The Clerk of Civil District Court, the Clerk of First City Court and the Clerk of Second City Court are the custodians of the Registry of Court fund for each respective court. The clerks generally may only accept deposits into or disburse funds from the Registry of Court fund by order of the respective court.

These funds are subject to an annual audit by independent auditors who issue a separate report thereon.

With respect to the Registry of Court funds of the Civil District Court, LSA-R.S. 13:1305 authorizes the investment of these funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to the JEF as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to the JEF for 2001 amounted to \$290,000 and is included in the accompanying financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Designated Funds:**

The judges *En Banc* have directed the dedication of approximately \$5,800,000 from the unrestricted net assets for various special projects listed below:

<u>SPECIAL PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
WANG System Conversion	The Court is converting the old WANG System by replacing all hardware, software, and cables.	\$2,400,000
Optical Imaging System	The Clerk of Civil District Court is converting all paper documents into optical images that can be processed and accessed via computer. This process will enable faster research and retrieval of all documents filed in the Clerk's office.	150,000

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Designated Funds, Continued:**

<u>SPECIAL PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<u>Building Improvements</u>	The JEF plans to maintain the new floors recently installed in the building, continue to professionally clean the offices twice a year, power wash the building's exterior, and provide landscaping.	\$ 30,000
<u>New Courthouse Acquisition Fund</u>	The JEF plans to purchase/build a new courthouse building, since the 421 Loyola Avenue building is unable to provide the JEF with the space needed to expand.	<u>1,000,000</u>
	<b>Total designated</b>	<b><u>\$1,030,000</u></b>

**It is the intent of the JEF to appropriate additional funds in the future.**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - Operating Leases:**

The JEF is committed under various leases for office equipment and storage which expire in varying periods through 2007. The leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended December 31, 2004 were \$217,683.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2005	\$150,515
2006	175,276
2007	131,902
2008	89,677
2009 and thereafter	<u>19,431</u>
Total	<u>\$566,801</u>

**NOTE 9 - Risk Management:**

The JEF is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets for which the JEF carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 10 - Concentration of Credit Risk:**

The JEF's principal source of revenues consist mainly of filing fees.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Post Retirement Benefits:**

The JEF provides certain continuing health care, dental and life insurance benefits for its retired employees as provided by LSA-R.S. 17:1223. Substantially all of the JEF's employees become eligible for these benefits if they reach normal retirement age while working for the JEF. These benefits for retirees and similar benefits for active employees are provided through a private insurer, whose monthly premiums are paid jointly by the employee and the JEF. The JEF recognizes the cost of providing these benefits (the JEF's portion of premiums) as an expense when the benefit premiums are due. In 2001, the JEF's portion of healthcare, dental and life insurance benefit premiums totalled \$651,588.

**NOTE 12 - Net Assets:**

Beginning net assets is restated to accommodate the cumulative effect of the implementation of GASB 34 in the current year. The net effect of \$267,165 is primarily comprised of the capitalization of capital assets and its related accumulated depreciation.

## SUPPLEMENTARY INFORMATION



JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
COMBINING STATEMENT OF REVENUES AND EXPENDITURES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Civil District Court	First City Court	Second City Court	Mortgage Office	Comptroller Office	Total General Fund
<b>Revenues:</b>						
Fees	\$8,148,254	\$1,270,689	\$118,207	\$1,394,152	\$1,250,772	\$14,869,484
Interest Income	373,668	97,401	887	44,096	79,843	475,492
Other Income	22,821	4,292	382	6,202	3,468	33,465
<b>Total revenues</b>	<b>\$8,544,743</b>	<b>1,275,382</b>	<b>119,496</b>	<b>1,444,450</b>	<b>1,334,083</b>	<b>13,477,164</b>
<b>Expenditures:</b>						
Direct expenditures						
Salaries	\$222,680	1,675,944	316,167	1,341,219	975,118	\$3,231,130
Court photographer fees	8,427	159	4	1,388	0	9,978
Employee benefits	1,219,441	386,819	90,728	215,118	50,159	1,911,265
<b>Page total</b>	<b>2,450,548</b>	<b>2,063,922</b>	<b>317,901</b>	<b>1,557,725</b>	<b>1,025,277</b>	<b>\$5,315,373</b>

See Independent Auditor's Report on Supplementary Information

**MUNICIPAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**COMBINING STATEMENT OF REVENUES AND EXPENDITURES**  
**GENERAL FUND, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Civil District Court	Par City Court	Second City Court	Mortgage Office	Comptroller Office	Total General Fund
Direct expenditures, Continued:						
Office supplies and expenses	\$ 18,572	\$ 31,698	\$ 2,292	\$ 64,498	\$ 11,895	\$ 272,181
Books, printing and copies	23,793	64,095	2,992	16,477	8,375	293,296
Postage and carrier	36,278	14,900	2,218	9,285	3,019	66,228
Building and earnings rental	99,428	30,608	5,783	2,659	1,908	140,342
Furniture, equipment rental and maintenance	228,281	26,118	1,097	22,494	30,493	309,284
Insurance	21,759	9,594	2,556	9,590	5,598	59,803
Telephone	18,559	12,338	2,598	11,369	5,987	229,688
Professional services	18,632	18,748	21	22,982	9,088	158,283
Justice meals and transportation	68,687	-	-	-	-	68,687
CCC filing fees	-	-	-	62,751	-	62,751
Other expenses	17,296	2,664	1,082	2,592	388	26,788
Page total	1,131,673	208,152	26,282	129,064	58,366	1,713,222
Total direct expenditures	1,661,962	2,103,264	490,182	1,695,181	1,272,792	14,429,262

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**COMBING STATEMENT OF REVENUES AND EXPENDITURES**  
**GENERAL FUND, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Civil District Court	First City Court	Second City Court	Mortgage Office	Corrections Office	Total General Fund
<i>Expenditures, Continued</i>						
Judicial expenditures						
Security cost	\$ 50,200	\$ 13,238	\$ -	\$ 17,847	\$ 7,604	\$ 88,892
Capital expenditures	288,571	4,223	-	-	-	292,794
Professional salaries, fees and reimbursements	193,734	2,140	1,266	7,812	5,801	202,853
Building renovations & improvements	121,585	4,551	-	68,821	68,731	263,711
Total judicial expenditures	653,890	24,152	1,266	86,680	82,136	770,024
Total expenditures	8,218,865	2,568,636	481,541	1,798,581	1,333,046	15,094,269
Excess (deficiency) of revenues over expenditures	\$ 5,007,311	\$ 3,129	\$ 218,127	\$ 2,086,659	\$ 1,211,687	\$ 8,533,213

See Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including: First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana**

We have audited the government-wide and fund level financial statements of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Registrar of Conveyances for the City of New Orleans (hereinafter collectively referred to as the JEF) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 3, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

## Conclusion

As part of obtaining reasonable assurance about whether the JEP's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, we did not

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  

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 (CONTINUED)

an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the JEP's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Honorable Judges, the JEP's management and the Legislative Auditor, and is not intended to, and should not be used by anyone other than these specified parties.



BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

May 3, 2002



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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We have audited the financial statements of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans (hereinafter collectively referred to as the JEF) as of and for the year ended December 31, 2001, and have issued our report thereon dated May 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governing Auditing Standards*, issued by the Comptroller General of the United States of America. Our audit of the financial statements as of December 31, 2001 resulted in an unqualified opinion.

**Section II: SUMMARY OF AUDITORS' REPORTS**

**Report on Internal Control and Compliance Material to the Financial Statements**

**Internal Control:**

Material Weaknesses	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Reportable Conditions	Yes <input type="checkbox"/>
			None Reported	<input checked="" type="checkbox"/>

**Compliance:**

NonCompliance Material to Financial Statements	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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**Federal Awards**

**Internal Control:**

Material Weaknesses	*N/A	Reportable Conditions	*N/A
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**Type of Opinion on Compliance:**

For Major Programs:	*N/A
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\*N/A - Not-applicable

**JUDICIAL EXPENSE FUND  
OF THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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**Federal Awards, Continued**

Are there findings required to be reported in accordance with Circular A-133, Section 510(a)?

\*N/A

**Identification of Major Programs:**

Dollar threshold used to distinguish between Type A and Type B Programs: \*N/A

Is the auditee a 'low risk' auditee, as defined by OMB Circular A-133? \*N/A

**Reportable Conditions**

**Section II: FINANCIAL STATEMENT FINDINGS**

We reported no financial statements findings for the audit period ended December 31, 2000.

**Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

\*N/A

Currently, the JEF does not receive any Federal Awards.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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**SECTIONS I, II AND III: STATUS OF PRIOR YEARS' FINDINGS**

<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
97-11	Establishment of a fixed asset accountability system.	X		
97-12	Currently, the JEP does not have a plan of action geared toward the complete automation of the accounting department. Development of such a plan should incorporate the implementation of a system for the following phases of the accounting process(es): <ul style="list-style-type: none"> <li>- Premonstrat</li> <li>- Accounts Payable</li> <li>- Payroll</li> <li>- Requisition</li> <li>- Fixed Assets</li> <li>- General Ledger</li> </ul>	X		

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

**EXIT CONFERENCE**

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*An exit conference was held with representatives of the JEF. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:*

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**

Mrs. Michelle E. Rodney	--	Judicial Administrator
Mrs. Diane B. Allison, CPA	--	Chief Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Akide J. Tervalon, Jr., CPA	--	Partner
Mr. Paul K. Arifolo, Sr., CPA	--	Senior Manager

# Judicial Expense Fund

328 East Courts Building  
421 Poydras St.  
New Orleans, La. 70112

(504) 592-8275

*Fax* (504) 592-8279

July 2, 2002

Hume & Versalon LLP  
Certified Public Accountants  
4298 Ulysian Fields Avenue  
New Orleans, LA 70122

Dear Sirs:

Enclosed is the corrective action plan developed by the Judicial Expense Fund where applicable, in response to prior years' audit findings as of and for the year ended December 31, 2000. The plan includes, where applicable, the corrective action plan and anticipated completion date or status.

In all findings attached, Mr. Michael R. Rodary is the contact person.

If any further information is required, do not hesitate to contact me at (504) 592-8275.

Sincerely,



Michael R. Rodary  
Judicial Administrator

MRR/vsc

Enclosures

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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<u>REFERENCE NUMBER</u>	<u>DESCRIPTION</u>	<u>FULLY CORRECTED</u>	<u>PARTIALLY CORRECTED</u>	<u>NOT CORRECTED</u>
97-11	Establishment of a fixed asset accountability system.	X		
97-12	<p>Currently, the JDF does not have a plan of action geared toward the complete automation of the accounting department. Development of such a plan should incorporate the implementation of a system for the following phases of the accounting process:</p> <ul style="list-style-type: none"> <li>- Procurement</li> <li>- Accounts Payable</li> <li>- Payroll</li> <li>- Requisition</li> <li>- Fixed Assets</li> <li>- General Ledger</li> </ul>	X		